

Maryland Council for New Americans
Financial Services Working Group

Report to full Council
April 7, 2009

I am Robin McKinney, director of the Maryland CASH Campaign. Today, I am representing Olive Akhigbe, Chair of the Financial Services Working Group. She is on business travel.

The charge for this working group per the Executive Order is to examine strategies for increasing immigrant's access to mainstream financial services, stable ownership, and family financial planning.

Access to Mainstream Financial Services

Mainstream financial services are defined as:

- services provided by banks and credit unions; and
- transactional bank accounts (checking and savings), short-term savings, short-term credit, longer term savings and credit products

In reviewing strategies for access to mainstream financial services, the working group wishes to highlight the following:

- The geographic and demographic diversity of each ethnic population should be considered. This information would be helpful to understand and reveal habits, unique barriers and understanding surrounding money. There are a few key traits in a financial services provider that can help to overcome cultural barriers. They include the following:
 - Trustworthy- established connections within a specific community, employers from the same culture, multiple languages available.
 - Face to face interactions – essential to building trust and rapport with this clientele. Though technology has a role to play in taking initiatives to scale, this population first needs to establish a human connection.
 - Provides an immediate service – pressing needs are met first (check casing, remittances, etc) and then additional services are available as needed.
 - Reasonable costs – service or product is provided for a reasonable economic value.
- Understanding the point of entry into the financial services industry for new Americans is important. There is suspicion within some populations of the new Americans who do not feel that they have a trustworthy source.

- We recommend the following:
 - partnering with already established and credible entities like the FDIC and financial institutions and incorporate them in the process to deliver financial education classes and access to the mainstream industry.
 - develop a database of services in various languages as an entry point for new Americans. This database would be a fast track bridging program to get those with education and training acquired abroad into the workforce. Among the services to be included in this database would include list of certified housing counseling agencies, certification processes for different professions, community groups who have been approved and can work with new Americans,
- We need to have a better understanding of the groups that are currently providing financial services to the New American population and how we can learn from their business practices.
- We need to build a bridge between alternative and mainstream. These are organizations that are providing key financial services to the unbanked.
 - Examples of these “alternative” organizations include Microfinance Organizations who operate storefront branches in Maryland that offer low-cost remittances, check cashing, loan products, and financial education.
 - Pay Rent, Build Credit – which helps individuals to build their own credit using 3rd party verification of “alternative” credit sources including utilities and rent.
 - The Money Manager Card – which is distributed through employers and offers a low-cost alternative to check cashing for unbanked individuals.

Stable Homeownership

In reviewing strategies for access to stable homeownership, the group would like to recommend that this focus be changed from Stable Homeownership to Stable Housing and Homeownership Opportunities. We would like the focus to be on more of a broad based access to housing opportunities and not a single focus goal of homeownership.

The group wishes to highlight the following:

- A key issue for access to stable housing and homeownership opportunities is acceptable forms of identification to open up a bank account (matricular consular, passport, foreign driver’s license), build a credit history, rent an apartment or apply for a mortgage.
- To be able to apply for stable housing and homeownership opportunities, a new American must be gainfully employed. A fast track bridging program to get those with education and training acquired abroad into the workforce is needed.

Components of this fast track bridging program would include access to certification processes for various professions and the educational opportunities that would make this possible. Along with this fast tracking process would include resume writing.

- The size of the apartments and homes available was discussed. Immigrants are generally very communal and as such live with an extended family. We recommend that the zoning laws should be modified to include special exceptions to build larger units to accommodate the extended family. These exceptions would be very similar to the zoning laws for the development of senior citizen housing.
- The role of the religious institution was highlighted as key to access stable housing and homeownership opportunities. Immigrants generally do not trust the government for information. But if the government partnered with certified housing counseling agencies and religious institutions to deliver counseling and guidance on various aspects of affordable housing opportunities, there would be the ability to reach more new Americans. There should be a certified housing counselor and housing advocate in every religious institution.
- Partnerships should be developed between religious institutions and the Maryland Association of Realtors, Maryland Homeowners Association and the Chamber of Commerce to provide access to more affordable housing and homeownership opportunities. An example would include rent to own opportunities.
- It was noted that new Americans of the Islamic faith cannot pay interest because of their religious beliefs. Muslim lending practices would need to be developed.

Family Financial Planning

The group found it challenging to define a family. Several factors contributed to this challenge because of the cultural beliefs of money and how money is managed including the fact that men do not share financial information with their wives – all things financial are separate, members of the family unit could still be back in their native country. The group will be coming back with a recommendation for a more inclusive name for this recommendation.

With this challenge, the group's recommendation is to focus on sharing information for all the financial services products available and let the "family" unit decide what might be more appropriate for their own situation.

The points of entry to share information would be schools, doctors' offices, country specific cultural associations, religious institutions, chambers of commerce.

The various financial products available would be shared. Credit management training should also be made available through the religious institutions.